

REPORT OF THE
OFFICE OF THE AUDITOR GENERAL
TO THE
JOINT LEGISLATIVE AUDIT COMMITTEE

918

FUNDING AND EFFECTIVENESS OF
COMPENSATORY EDUCATION PROGRAMS

MARCH 1980



California Legislature

Joint Legislative Audit Committee

GOVERNMENT CODE SECTION 10500 et al

SENATORS
ALBERT RODDA
PAUL CARPENTER
JOHN NEJEDLY
ROBERT PRESLEY

ASSEMBLYMEN
S. FLOYD MORI
DANIEL BOATWRIGHT
LEROY GREENE
BRUCE NESTANDE

□ STATE CAPITOL
SACRAMENTO 95814
(916) 445-7380

□ 925 L STREET
SUITE 750
SACRAMENTO 95814
(916) 445-0255

S. FLOYD MORI
CHAIRMAN

March 13, 1980

918

The Honorable Speaker of the Assembly
The Honorable President pro Tempore of the Senate
The Honorable Members of the Senate and the
Assembly of the Legislature of California

Members of the Legislature:

Your Joint Legislative Audit Committee respectfully submits the Auditor General's report concerning the uses of compensatory education funds by school districts and the services provided by schools to meet the educational needs of educationally disadvantaged students.

The report indicates that most compensatory education funds are used to provide supplemental instruction in reading, writing, language, or mathematics. School and district staff are primarily responsible for designing and implementing programs to provide these services. The involvement of parents of participating students is for the most part in an advisory capacity.

While student participation in compensatory education programs is associated with improved academic achievement, student gains may not be sustained over the summer months or in the higher grade levels in the absence of such programs.

The auditors are Joan S. Bissell, Audit Manager; Thomas A. Britting; Cora L. Bryant; Steven M. Hendrickson; and Karen A. Nelson.

Respectfully submitted,

S. FLOYD MORI
Chairman, Joint Legislative
Audit Committee

Attachment

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SUMMARY

In response to Supplemental Language to the 1979-80 Budget Act, the Joint Legislative Audit Committee requested the Auditor General to review the uses of categorical program funds from Title I of the Elementary and Secondary Education Act and from the Educationally Disadvantaged Youth program (now the State Compensatory Education component of the Economic Impact Aid program). In addition, the Auditor General was requested to review available information on the effectiveness of compensatory education programs in meeting students' needs. Below are listed the specific issues raised in the supplemental budget language and our responses to them:

How categorical program funds are distributed among schools within districts:

School districts typically allocate Title I funds to schools having high concentrations of pupils from low-income families. Districts allocate EIA funds (a) on the basis of school poverty and/or achievement levels and (b) to assure that pupils traditionally served by the Educationally Disadvantaged Youth program (now the State Compensatory Education program) and state bilingual education programs continue to receive services. In the allocation process, the individual district's criterion for determining eligible schools is an important factor.

How these funds and services are allocated among students within schools:

Students are selected to participate in compensatory education programs if their educational achievement is below that level appropriate for their grade levels. Pupils may be eligible for compensatory education services if they score at or below the 50th percentile on a national test, but districts can adopt lower levels, such as the 35th or 40th percentiles on a national test. Overall, the majority of pupils served in compensatory education programs are within the elementary grade levels.

How these funds are used for direct and indirect expenditures, including amounts used for administrative and related purposes:

Direct costs are those that are incurred for expenses readily associated with a particular program while indirect costs arise from administrative services not generally associated with a particular program. During 1978-79, the aggregate direct cost expenditures for the nine school districts we visited were approximately 97 percent of their total compensatory education expenditures. Approximately 85 percent of this amount was spent on the salaries of teachers, instructional aides, and other employees as well as on related fringe benefits. Three percent of the total district expenditures were used for indirect costs.

How decisions about allocating district and school resources are made:

Decisions about allocating both Title I and EIA/SCE district and school resources are made primarily by those district and school administrators, teachers, and instructional aides directly involved in implementing the compensatory education programs. Parents of these students are also involved, but play principally an advisory role.

The kinds of special services provided to meet the needs of students:

Compensatory education programs provide participating students supplemental instruction in basic skills, such as reading, writing, language, and mathematics. The nine school districts we visited were providing these services in the regular classrooms with the help of instructional aides or through special pull-out programs. Students often participate in other federal, state, or local supplemental aid programs, but district officials attempt to assure that these programs complement one another.

Furthermore, as part of this request, we reviewed available information on the effectiveness of compensatory education programs in meeting students' needs. Recent studies indicate increases in the achievement levels of students during participation in compensatory education programs. However, when they have not been actively involved in these programs (during the summer months and at higher grade levels), students frequently have not maintained their increased achievement levels.

INTRODUCTION

In response to Supplemental Language to the 1979-80 Budget Act, the Joint Legislative Audit Committee requested the Auditor General to review the uses of funds from Title I of the federal Elementary and Secondary Education Act and the State's Educationally Disadvantaged Youth (EDY) program, now administered as part of the Economic Impact Aid (EIA) program. This review was conducted under the authority vested in the Auditor General by Section 10527 of the Government Code.

Background

Title I of the federal Elementary and Secondary Education Act of 1965 and the State's Economic Impact Aid program provide funds to school districts having high concentrations of educationally disadvantaged pupils.* Title I provides federal aid to school districts with high concentrations of children from low-income families. These funds are intended to give financial assistance to school districts in relation to their concentrations of low-income children. And within those districts, Title I funds are to be directed to the schools with the greatest concentrations of

* An educationally disadvantaged child is one who is behind in school and is not doing the school work expected of children his age because of economic, social, language, or cultural differences.

low-income students. Public Law 95-561, the most recent amendment to Title I, allows local educators latitude in determining the specific types of services that can be delivered with Title I funds. Direct educational services, provided through specialist teachers or aides, as well as auxiliary services, such as transportation, medical or dental services (if not otherwise available) can be supplied through Title I funds.

In addition, California operates and finances the State Compensatory Education (SCE) program. This program was created under the Economic Impact Aid (EIA) program. EIA essentially consolidates the Educationally Disadvantaged Youth program and the state bilingual education programs.

EIA is designed to provide supplementary educational services to both educationally disadvantaged and limited-English-speaking and non-English-speaking (LES/NES) pupils. With EIA funds, local educators can provide educational services similar to those that can be provided with Title I funds. Instructional services in reading, writing, language, and mathematics are intended to receive the highest priority although funds may also be used to pay for such support services as health, parent education, and staff development.

California's Department of Education estimates that approximately 1.6 million disadvantaged and LES/NES students attend California schools. Title I and EIA/SCE programs are designed to raise the academic achievement of students served by these programs. Bilingual programs are intended to identify and assist LES/NES students so that they will receive instruction in their native language and will make progress in English language development. The following table shows the number of students served by the Title I, EDY (now SCE), and bilingual education programs during 1977-78 and 1978-79 (the most recent two years for which participant data are available for these programs).

TABLE 1

NUMBER OF CALIFORNIA STUDENTS
SERVED THROUGH SELECTED
COMPENSATORY EDUCATION PROGRAMS*

	<u>1977-78</u>	<u>1978-79</u>
ESEA, Title I	568,000	500,070
EDY (SCE)	458,000	260,440
Bilingual Education**	71,000	93,950

* These figures were provided by the Department of Education and do not represent unduplicated counts.

** Limited- and non-English-speaking pupils only. Does not include fluent-English-speaking participants.

Funding levels for Title I, EDY, bilingual education, and EIA since fiscal year 1977-78 are shown in the following table.

TABLE 2
COMPENSATORY EDUCATION FUNDING

	<u>Actual</u> <u>1977-78</u>	<u>Estimated</u> <u>1978-79</u>	<u>Budgeted</u> <u>1979-80</u>
ESEA, Title I	\$200,095,545	\$240,314,749	\$258,729,975
EDY (now SCE)	119,485,137	113,979,802	*
Bilingual Education	12,057,811	11,859,583	*
EIA	<u>**</u>	<u>**</u>	<u>145,104,406</u>
Totals	<u>\$331,638,493</u>	<u>\$366,154,134</u>	<u>\$403,834,381</u>

* Programs consolidated into EIA beginning fiscal year 1979-80.

** Program began in fiscal year 1979-80.

Scope of Review

Our review focused on providing information in response to Item 318 of the Supplemental Language to the 1979-80 Budget Act. During our review, we conducted interviews, analyzed program documents, and reviewed financial information and other data at the State Department of Education, at 9 school districts, and at 18 schools within these districts. We also reviewed other studies of compensatory education programs and analyzed available data regarding pupil achievement in these programs.

STUDY RESULTS

The following sections present the results of our review regarding the uses of compensatory education funds. It focused on the topics below:

- How these funds are distributed among schools within districts;
- How these funds and services are allocated among students within schools;
- How these funds are used for direct and indirect expenditures, including amounts used for administrative and related purposes;
- How decisions allocating district and school resources are made;
- What special services are provided to meet the needs of students.

In addition, this study includes a summary of available information on the effectiveness and benefits of compensatory education programs in meeting students' needs.

DISTRIBUTION OF COMPENSATORY
EDUCATION FUNDS AMONG
SCHOOLS WITHIN DISTRICTS

This section presents specific information about methods districts employ in determining schools' eligibility for receiving Title I and EIA funds. It also explains how districts rank schools according to their relative concentrations of pupils in need before allocating funds. Furthermore, this section discusses the historical trend of targeting funds to lower grade levels and explains how pupils in nonpublic schools are eligible to receive services through Title I.

Before school districts can allocate Title I and EIA funds, they must determine which schools are eligible to receive these funds. Both Title I and EIA guidelines allow school districts several alternatives for determining their listings of eligible schools. The alternatives districts select affect which schools will be chosen for funding and, ultimately, the pupil populations to be served. Furthermore, pupils who are residing in eligible attendance areas and who are attending nonpublic schools are eligible to receive services if the nonpublic schools elect to participate in Title I programs.

In allocating funds under the merged EIA program, districts were required to ensure that students traditionally served by educationally disadvantaged youth and bilingual education programs continued to receive services.* When school districts receive EIA funds, they divide them into monies for limited- and non-English-speaking students and funds for pupils in the State Compensatory Education program. Districts compute this division by applying a standard allocation formula. Title I and EIA funds allocated to school districts in our sample for 1979-80 are shown in the following table.

* This requirement is stated in Title V of the State Administrative Code and conforms with direction given in Section 54020 of the Education Code.

TABLE 3

TITLE I AND EIA
FUNDING ALLOCATIONS FOR
NINE SCHOOL DISTRICTS
1979-80

<u>District</u>	<u>EIA Funds</u>		<u>Title I Funds*</u>	<u>Total</u>
	<u>LES/NES</u>	<u>SCE*</u>		
A	\$ 290,192	\$1,562,861	\$1,435,636	\$3,288,689
B	84,568	29,742	410,407	524,717
C	8,863	73,091	229,368	311,322
D	34,316	116,908	256,346	407,570
E	411,604	2,043,721	4,096,311	6,551,636
F	82,500	220,370	1,452,074	1,754,944
G	40,112	62,336	392,723	495,171
H	365,603	50,078	366,641	782,322
I	<u>**</u>	<u>655,367**</u>	<u>1,331,178</u>	<u>1,986,545</u>
Total	<u>\$1,317,758</u>	<u>\$4,814,474</u>	<u>\$9,970,684</u>	<u>\$16,102,916</u>

* This column includes amounts carried forward from the previous year.

** This represents the total EIA allocation for this district, since separate LES/NES and SCE amounts were not available.

Even though districts generally are to apply a standard allocation formula in dividing EIA funds between the LES/NES and SCE categories, Title V of the State Administrative Code allows districts to vary from the standard allocations provided that they can sufficiently justify the variance to the State Department of Education. The funding levels for LES/NES students in three of the nine districts in our sample exceeded minimum necessary standards.* District representatives gave several reasons for increased per pupil funding to these students. For example, one district wanted to maintain total 1978-79 bilingual program funding levels in that district. In another district, representatives wished to expand the bilingual program to accommodate 20 different languages and increased enrollments.

* Data for one district were not available.

Determining Eligible Schools

Although school districts can use EIA/LES/NES funds in any school having limited- or non-English-speaking pupils regardless of school eligibility, Title I and EIA/SCE funds can only be allocated to schools according to their relative concentrations of pupils in need.

To determine the relative concentration of pupils in need, Title I regulations allow school districts to use either numbers, percentages, or a combination of numbers and percentages of children from low-income families to determine which school attendance areas are eligible to receive funds. Districts must select one method of determining eligibility and apply it uniformly against all schools. Depending on the method selected, school attendance areas having a number or percentage of children from low-income families equal to or greater than the districtwide average become eligible for funds. Under Title I, any school having 25 percent or more pupils from low-income families are automatically eligible to receive funds.

For schools to be eligible for EIA/SCE, they must have an equal or greater concentration of pupils in need than the districtwide average. School districts are to use the following criteria to determine concentrations of needy pupils, equally weighting each criteria:

- The number or percentage of LES/NES pupils

- The number or percentage of pupils from low-income families
- The number or percentage of the students who are educationally disadvantaged (based upon students' performance on a national test).

EIA regulations also allow school districts to substitute their Title I criteria for these regulations in determining schools' EIA/SCE rankings.

Schools are automatically eligible to receive EIA/SCE funds if at least 25 percent of the students are LES/NES or 25 percent of the students are from low-income families or 50 percent of the students are educationally disadvantaged. If schools were eligible and received Title I, EDY, or bilingual education funds in either of the previous two years, districts can elect to continue funding these schools even though they are not eligible in the current year. This funding provision is referred to as grandfathering. In addition, pupils attending private schools can receive Title I services if they reside in eligible attendance areas.

The criteria our nine sample school districts used to determine the eligibility of schools for Title I and EIA funds are shown in the following table.

TABLE 4

METHODS USED BY SAMPLE DISTRICTS
TO DETERMINE SCHOOLS' ELIGIBILITY FOR
TITLE I AND EIA/SCE
1979-80

<u>District</u>	<u>Method of Selection</u>
A	Schools with 25 percent or more pupils participating in the National School Lunch Program (a measure of low-income families).
B	Schools having percentages of students enrolled in Aid to Families with Dependent Children (AFDC) equal to or greater than the district average.
C	Schools with more than 50 percent of their pupils scoring at or below the 50th percentile on the Comprehensive Test of Basic skills.
D	Grandfathering and schools having counts of students enrolled in AFDC equal to or greater than the district average.
E	Grandfathering and (1) for Title I eligibility, schools having percentages of students enrolled in AFDC equal to or greater than the district average and (2) for EIA/SCE eligibility, schools with equal or greater percentages of LES/NES pupils, educationally disadvantaged pupils, and pupils enrolled in AFDC than the district average.
F	Schools having either equal or higher numbers or equal or higher percentages of students enrolled in AFDC than the district average.
G	Grandfathering and schools having percentages of students enrolled in AFDC equal to or greater than the district average.
H	For Title I eligibility, degree of participation in the National School Lunch Program; for EIA/SCE eligibility, the average number of students scoring at or below the 50th percentile on the Metropolitan Achievement Test exceeds the district average.
I	For Title I eligibility, schools with numbers of students enrolled in AFDC greater than the district average; for EIA/SCE eligibility, schools with greater numbers of pupils than the district average between the 16th and 39th percentiles of achievement on the Comprehensive Test of Basic Skills.*

* This district considered students below the 16th percentile of achievement for special education programs for handicapped pupils.

The table shows that eight of the nine school districts determined school eligibility according to poverty indicators alone or in combination with educational performance measures, while one district (District C) determined eligibility using only educational performance of the schools' pupils. Of the eight school districts using poverty indicators, two used numbers of students participating in the National School Lunch program and six used numbers of students enrolled in AFDC to determine the concentrations of pupils from low-income families. Three of the districts elected to continue funding to schools no longer eligible which had received funding in previous years. The table also shows that some districts applied different criteria for determining eligible schools under Title I and EIA, and variation exists among districts in the specific criteria used for determining eligible schools.

After identifying the schools that are eligible, districts must determine which schools will receive funds. Since funding to districts may be insufficient to serve all eligible pupils, districts must select schools for participation in both Title I and EIA/SCE in rank order according to the relative concentrations of needy pupils within the schools. School districts are required under state and federal regulations to fund the highest ranked schools at a funding level sufficient to provide services to all eligible pupils before funding the lower ranked schools. Districts

therefore allocate available funds to eligible schools in rank order of highest to lowest need either until all eligible schools are funded or until the districts' allocations are exhausted. As shown in the following table, Districts B, F, and I of our sample of nine districts exhausted the allocations before funding all eligible schools.

TABLE 5
TITLE I AND EIA/SCE ELIGIBLE
AND PARTICIPATING SCHOOLS
IN NINE SAMPLE SCHOOL DISTRICTS
1979-80

<u>District</u>	<u>Number of Schools*</u>	<u>Number of Eligible Schools</u>	<u>Number of Participating Schools</u>	<u>Number of Unserved Eligible Schools</u>
A	25	24	24	0
B**	20	11	10	1
C	2	2	2	0
D	5	3	3	0
E	71	42	42	0
F	73	44	16	28
G	9	3	3	0
H	5	5	5	0
I	<u>17</u>	<u>13</u>	<u>6</u>	<u>7</u>
Total	<u>227</u>	<u>147</u>	<u>111</u>	<u>36</u>

* This column includes only public schools.

** Although only one school was not served, it was a secondary school which had 26 percent of the district's eligible pupil population.

Three districts in our sample were unable to fund all eligible schools. Six districts, however, were unable to provide enough funds to serve all eligible pupils within all eligible schools, as shown in the following table.

TABLE 6
TITLE I AND EIA/SCE
ELIGIBLE AND PARTICIPATING PUPILS
IN NINE SAMPLE SCHOOL DISTRICTS
1979-80

<u>District</u>	<u>Number of Eligible Pupils*</u>	<u>Number of Participating Pupils</u>	<u>Percentage of Eligible Pupils Participating</u>
A	10,172	10,172	100.0%
B	1,894	1,257	66.4
C	1,300	850	65.4
D	1,393	1,133	81.3
E	10,319	10,319	100.0
F	11,624	3,238	27.9
G	1,700	883	51.9
H	1,827	1,827	100.0
I	<u>**</u>	<u>**</u>	Less than <u>100.0**</u>
Total	<u>40,229</u>	<u>29,679</u>	<u>73.8%</u>

* Includes only public schools.

** Data were not available indicating the exact percentage; however, district officials stated that not all pupils were being served.

Alternative Methods
of Ranking Schools

As discussed in the preceding sections, school districts have several alternatives available in determining school eligibility. The alternative a district chooses determines both the schools that will receive funds and, ultimately, the pupil population to be served. The following examples illustrate some of the alternatives our sample school districts selected.

One school district elected to rank schools by grade span according to relative percentages of pupils from families receiving AFDC. The following table shows the ranking which resulted.

TABLE 7
SCHOOL RANKING BY
PERCENTAGE AFDC

<u>School</u>	<u>Grade Span</u>	<u>School Ranking</u>	<u>Percentage AFDC</u>	<u>Number AFDC</u>
A	K-6	1	25.6%	178
B	K-6	2	19.5%	52
C	K-6	3	15.5%	68
D	K-6	4	15.5%	37
E	K-6	5	14.8%	36
F	K-6	6	14.6%	90
G	K-6	7	11.2%	67
H	K-6	8	11.1%	21
I	7-8	9	16.0%	139
J	9-12	10	10.8%	188

Under this ranking, funding did not go to the district's senior high school (School J). However, if the district chose to rank by numbers of AFDC pupils, as did three other districts in our sample, the high school would have been the first school eligible. Yet, four of the elementary schools (Schools B, D, E, and H) would not have been eligible for funding because their AFDC numbers were below the district average of 60.

In another case, an elementary school district determined school eligibility by using participation in the National School Lunch Program as a measure of the numbers of low-income families. Any school having 25 percent or more of its pupils participating in this program was eligible to receive funds. Of the 25 schools in this district, 24 were eligible and were allocated funds. Had this district used numbers of students enrolled in AFDC rather than pupils participating in the National School Lunch Program as a school eligibility criterion, only 12 schools would have been eligible.

As these two examples show, districts have considerable latitude in determining school eligibility and ranking procedures. The eligibility criteria and ranking methods used vary across districts and may substantially affect the schools and pupils served with compensatory education funds.

Funds Targeted to
Lower Grade Levels

State regulations, in the past, have placed priority on services to elementary grade students. School districts have continued to distribute Title I and EIA/SCE funds so that students in the lowest grade levels receive a large share of these monies. The following table illustrates the share of funding distributed to eligible pupils within grade spans.

TABLE 8
TITLE I AND EIA/SCE FUNDING
DISTRIBUTION TO EIGHT SAMPLE SCHOOL
DISTRICTS BY GRADE SPAN
1979-80*

<u>Grade Spans</u>	<u>Number of Eligible Pupils**</u>	<u>Percentage of Total Eligible Pupils at Grade Spans</u>	<u>Total Funds to Grade Spans</u>	<u>Percentage of Total Funds to Grade Spans</u>
K-8	24,730	61.5%	\$ 8,765,915	77.6%
6-9	7,557	18.8	1,972,898	17.5
9-12	<u>7,942</u>	<u>19.7</u>	<u>552,017</u>	<u>4.9</u>
Total	<u>40,229</u>	<u>100.0%</u>	<u>\$11,290,830</u>	<u>100.0%</u>

* Only eight districts were included because one district had not completed its funding application at the time of our review.

** This column includes only public schools.

The emphasis placed on funding lowest grade levels is prevalent in the unified school districts and also in the distribution of funds by grade level within secondary school districts. Our sample of nine school districts included four unified districts. Approximately 38.8 percent of the eligible pupils in these districts were in the secondary grade levels (grades 7-12). However, participating pupils in these grades received only 17.2 percent of the Title I and EIA/SCE funds during 1979-80.

The emphasis on funding the lower grade levels had been even greater during 1978-79. The difference between 1978-79 and 1979-80 funding emphasis can be attributed to language in the 1979-80 Budget Act. In it the Legislature indicated that at least 50 percent of any Title I and EIA/SCE funds in excess of 107 percent of the funding received in 1978-79 was to be used to provide services to pupils in secondary grades (grades 7-12) who had not received services in prior years. As a result, three unified school districts in our sample served 920 previously unserved pupils at the secondary level during 1979-80, using total funding of \$281,054.* The minimum 1979-80 allocation required for the secondary grades at these three school districts was \$91,963.

* One of the four unified districts in our sample had sufficient funds to serve all eligible pupils in the elementary and secondary grades during 1979-80.

The emphasis on funding lower grade levels is also evident in high school districts. Our sample of school districts included three high school districts. One district served only six of seven eligible junior high schools (grades 7 and 8) during the current year, even though six high schools were also eligible. A second district, which included only grades 9 through 12, gave priority for services to pupils in grades 9 and 10. As space became available, eligible pupils in grades 11 and 12 could be placed in the program. Thus, this district served approximately 65.4 percent of its eligible pupils. The third high school district in our sample had been funding only the eligible junior high schools (grades 7-9) prior to 1979-80. In the current school year, the one eligible high school (grades 10-12) in the district also received funds.*

Overall, only three of our sample of nine districts funded all eligible pupils. Two of these districts were elementary school districts. The other was a unified district.

* The emphasis on higher funding at the lower grade levels was also apparent in an elementary school district within our sample which contained a K-8 school population. This district provided \$335 per pupil in grades K-6 and \$223 per pupil in grades 7-8. However, district officials explained that this difference was a result of the 7th and 8th grades receiving higher levels of average daily attendance apportionment funds than grades K-6.

Allocation of Funds
to Nonpublic Schools

Under the provisions of Title I, eligible pupils who are attending nonpublic schools and who are residing in attendance areas of eligible public schools are able to receive services. Districts must give pupils attending nonpublic schools an opportunity to receive services. However, the nonpublic school may decide whether to participate in the Title I programs.

There were 75 nonpublic schools in our nine sample school districts which could have qualified for services. Only 15 of these schools elected to participate. The following table arrays the funding of services to nonpublic schools in our sample districts.

TABLE 9

TITLE I FUND DISTRIBUTION
TO NONPUBLIC SCHOOLS
1979-80

<u>District</u>	<u>Eligible Schools</u>	<u>Participating Schools</u>	<u>Participating Pupils</u>	<u>Title I and EIA/SCE Funds</u>
A	2	1	68	\$ 9,208
B	1	0	0	0
C	1	0	0	0
D	0	0	0	0
E	17	5	443	239,220
F	36	3	86	41,108
G	10	1	30	15,720
H	1	1	27	11,232
I	<u>7</u>	<u>4</u>	<u>77</u>	<u>26,047</u>
Total	<u>75</u>	<u>15</u>	<u>731</u>	<u>\$342,535</u>

Summary

In distributing compensatory education funds among schools, districts establish specific school poverty or achievement level criteria for deciding which schools are eligible. After determining which schools are eligible, districts must provide funds in rank order according to the schools' relative concentrations of pupils in need. While some school districts have sufficient funds to serve all pupils, other districts can only fund a portion of eligible schools and have concentrated their funds in the lower grade levels. In addition to funding public schools, federal Title I funds can be used to serve pupils in eligible nonpublic schools. Only a small number of nonpublic schools in our sample districts elected to participate in Title I programs.

ALLOCATION OF FUNDS AND SERVICES
AMONG STUDENTS WITHIN SCHOOLS

This section of the report explains districts' methods for identifying pupils for participation in compensatory education programs. It also indicates amounts of Title I and EIA funds allocated per pupil for sample school districts.

Although Title I and EIA/SCE funds are allocated to schools based largely on poverty indicators, students are selected to participate in compensatory education programs if they are identified as educationally disadvantaged. Pupils are identified as educationally disadvantaged if their levels of achievement are lower than that appropriate for students of their age. This group includes children who are limited-English-speaking or non-English-speaking. In general, students are eligible for services if they score in the 50th percentile or below for their grade level on a national achievement test. However, we found that since there are insufficient funds to serve all eligible pupils based upon this criterion, some districts have adopted a lower percentile cut-off to select eligible pupils.

In examining allocations of funds to eligible pupils, we found that per pupil funding varied widely. Average allocations for eligible pupils ranged from \$282 to \$524 in our sample districts.

Eligibility Criteria Used by Districts

In accordance with State Administrative regulations, procedures districts use to identify educationally disadvantaged pupils must be based on objective empirical evidence indicating that pupils are not functioning at their grade levels in basic skill areas. Reading, writing, language, and mathematics are these basic skill areas. Standardized tests developed for national use are considered to meet these requirements for objective assessment.

These tests can be used to compare the achievement levels of individual pupils with that of pupils nationwide. Pupil achievement on these tests can be represented as a percentile score. This is a rank which reports a student's performance in relation to a percentage of students taking the same test. For instance, if a student scores at the 35th percentile rank, that student has scored better than 35 percent of the students in that student's grade level, based upon national norms.

The following table shows the criteria used by the nine sample school districts in determining pupils' needs for compensatory education.

TABLE 10

TITLE I AND EIA/SCE PUPIL
ELIGIBILITY CRITERIA
USED BY SAMPLE DISTRICTS
1979-80

Title I and EIA/SCE Pupil Eligibility Criteria

<u>District</u>	<u>Percentile Score</u>	<u>Testing Instrument Used</u>
A	At or below 50th	Metropolitan Achievement Test
B	At or below 35th	Comprehensive Test of Basic Skills
C	At or below 45th	Comprehensive Test of Basic Skills
D	At or below 40th for grades 9-12	California Assessment Test
	At or below 40th for grades K-8	Comprehensive Test of Basic Skills
E	Below 50th	Comprehensive Test Basic Skills
F	At or below 50th for grades K-8	Iowa Test of Basic Skills
	At or below 40th for grades 9-12	Iowa Test of Basic Skills
G	At or below 35th	Comprehensive Test of Basic Skills
H	Below 50th	Metropolitan Achievement Test
I	From 16th to 39th	Comprehensive Test of Basic Skills

As shown in the Table 10, districts varied in their definitions of educationally disadvantaged students eligible for compensatory education. District B, for example, considered those pupils scoring at the 35th percentile or below on the Comprehensive Test of Basic Skills (CTBS) to be eligible for compensatory education, while District E defined pupils as eligible if they score below the 50th percentile on the same test. One district considered pupils to be eligible for compensatory education if they scored at or below the 39th percentile but above the 15th percentile on the Comprehensive Test of Basic Skills. According to district officials, pupils scoring at or below the 15th percentile would be considered for special education services for handicapped students.

Allocation of Funds to Students

State and federal regulations require districts to provide the highest ranked eligible schools with sufficient funds to serve all eligible pupils before funding lesser ranked eligible schools. Therefore, the higher the achievement level specified by the district for pupil eligibility, the larger the number of pupils that must be served in higher ranked schools before funds become available for lower ranked schools.

To assure funding to numerous schools, districts may adopt pupil eligibility criteria which are more stringent than minimal requirements. For example, using the pupil eligibility criterion of the 50th percentile on the CTBS, a high school district in our sample (District G) had only enough funds to serve eligible pupils in the junior high schools. The district administration decided to begin a compensatory education program in 1979-80 in an eligible high school. To provide sufficient funds for the high school program, the district had to reduce the number of eligible pupils in the junior high schools; thus, the district tightened its standards by reducing the pupil eligibility criteria from the 50th to the 35th percentile. Since there were fewer pupils in the junior high schools scoring at or below the 35th percentile than at or below the 50th percentile, the junior high schools needed less funds to serve all eligible pupils. As a result, the district was able to free funds to begin a program at a high school.

Districts' criteria for determining pupils' eligibility were related to their funding allocations within our nine sample districts. The three districts that used the 50th percentile eligibility criteria were also those that had sufficiently large district allocations to provide services to all eligible pupils using this criterion. The remaining six districts adopted more stringent criteria and were still unable to serve all eligible pupils with the funds allocated to the district.

The following table depicts the ranges in per pupil allocations of compensatory education funding within eight of the nine districts in our sample in 1979-80.

TABLE 11
TITLE I AND EIA/SCE PER PUPIL
ALLOCATIONS FOR PARTICIPATING PUPILS
IN EIGHT SAMPLE SCHOOL DISTRICTS
1979-80*

<u>District</u>	<u>District Range</u>		<u>District Average</u>
	<u>Low</u>	<u>High</u>	
A	\$223	\$335	\$282
B	\$174	\$541	\$343
C	\$318	\$321	\$321
D	\$345	\$345	\$345
E	\$450	\$540	\$509
F	\$478	\$478	\$478
G	\$524	\$524	\$524
H	\$416	\$416	\$416
Average	\$366	\$438	\$402

*Data for one of our nine sample districts were unavailable.

As shown in the above table, the average per pupil allocation varied among our sample districts from \$282 to \$524. No specific guidelines regarding exact dollar amounts of per pupil compensatory education funding presently exist under

federal or state regulations.* However, present regulations specify that per pupil funding must be of sufficient size, scope and quality to effectively meet the needs of participating students.

Summary

Pupils are selected to participate in compensatory education programs if they are identified as educationally disadvantaged. Pupils are identified as eligible based upon their performance on national achievement tests. Districts vary substantially in the achievement levels established for selecting eligible pupils. In addition, districts' average per pupil allocations of compensatory education funds vary widely. Average per pupil funding ranged from \$282 to \$524 in our sample districts.

* The State until 1977-78 set a minimum level of \$350 per pupil and a maximum level of \$550.

USES OF FUNDS FOR DIRECT AND INDIRECT EXPENDITURES

The uses of Title I and EIA funds are discussed within this section. Specifically, this section identifies the types of compensatory education expenditures for direct and indirect costs and for centralized services. The section indicates that the greatest portion of Title I and EIA/SCE funds are expended for direct cost items--salaries and benefits for teachers and aides. The proportion of Title I and EIA/SCE funds used for direct instructional services was consistently large but varied among school districts. While some districts recovered indirect costs from these funds, others used district general funds to support the program's indirect costs.

Clarification of Accounting Terms

Direct costs, those that are incurred for expenses directly associated with a particular program, include such items as salaries and benefits of teachers and aides and instructional supplies. Indirect costs are incurred for administrative services, such as accounting, payroll, and purchasing, which benefit more than one program. As such, these costs are only incurred at the district level. Centralized services are direct or direct support costs which are incurred at the district level for such purposes as program administration and evaluation.

Direct and Indirect Costs

Direct costs account for the greatest portion of compensatory education program expenditures. The nine school districts sampled reported Title I expenditures (for 1978-79) of \$7,649,726; direct costs represented 96.9 percent of these expenditures while indirect costs represented only 3.1 percent. Expenditures for the Educationally Disadvantaged Youth program amounted to \$3,928,176.* Direct cost expenditures accounted for 97.4 percent while indirect costs accounted for 2.6 percent. The sample districts' 1978-79 direct and indirect expenditures under both the EDY program and Title I are compared in the following tables.

* This program was replaced by the State Compensatory Education program in July of 1979. Because we are detailing expenditures prior to fiscal year 1979-80, we refer to the Educationally Disadvantaged Youth program throughout this section.

TABLE 12
EDY EXPENDITURES
1978-79

<u>District</u>	<u>Indirect Costs</u>	<u>Percentage Indirect Costs</u>	<u>Direct Costs*</u>	<u>Percentage Direct Costs</u>	<u>Total Expenditures</u>	<u>Percentage Total Expenditures</u>
A	\$ 44,271	2.9%	\$1,483,320	97.1%	\$1,527,591	100%
B	0	0	0	0	0	0
C	1,925	2.6	72,756	97.4	74,681	100
D	0	0	129,462	100.0	129,462	100
E	56,606	3.5	1,543,297	96.5	1,599,903	100
F	0	0	0	0	0	0
G	0	0	0	0	0	0
H	0	0	319,610	100.0	319,610	100
I	<u>0</u>	<u>0</u>	<u>276,929</u>	<u>100.0</u>	<u>276,929</u>	<u>100</u>
Total	<u>\$ 102,802</u>	<u>2.6%</u>	<u>\$3,825,374</u>	<u>97.4%</u>	<u>\$3,928,176</u>	<u>100%</u>

* These amounts include centralized services.

TABLE 13
TITLE I EXPENDITURES
1978-79

<u>District</u>	<u>Indirect Costs</u>	<u>Percentage Indirect Costs</u>	<u>Direct Costs*</u>	<u>Percentage Direct Costs</u>	<u>Total Expenditures</u>	<u>Percentage Total Expenditures</u>
A	\$ 59,823	5.2%	\$1,092,025	94.8%	\$1,151,848	100%
B	0	0	324,820	100.0	324,820	100
C	2,773	1.6	168,004	98.4	170,777	100
D	0	0	122,908	100.0	122,908	100
E	121,745	3.9	2,976,639	96.1	3,098,384	100
F	41,666	3.7	1,085,282	96.3	1,126,948	100
G	9,795	2.6	374,010	97.4	383,805	100
H	0	0	354,017	100.0	354,017	100
I	<u>0</u>	<u>0</u>	<u>916,219</u>	<u>100.0</u>	<u>916,219</u>	<u>100</u>
Total	<u>\$235,802</u>	<u>3.1%</u>	<u>\$7,413,924</u>	<u>96.9%</u>	<u>\$7,649,726</u>	<u>100%</u>

* These amounts include centralized services.

As shown in these tables, most compensatory education funds were expended for direct costs, specifically, salaries. Teachers' salaries accounted for 28.3 percent of funds; instructional aides' salaries, for 23.5 percent. All other salary classifications (principally certificated administrative staff) totaled 17.7 percent; total salary expenditures equaled 69.5 percent of funds. Related employee benefits accounted for 15.0 percent of funds. Consequently, total salary and benefit expenditures equaled 84.5 percent of funds. An itemized listing of the 1978-79 direct expenditures for the sample districts is given in Appendix A.

State regulations limit indirect cost expenditures for Economic Impact Aid funds in 1979-80 to three percent of EIA expenditures. For Title I funding, indirect costs are limited to a restricted rate based upon a federally specified formula.* In 1978-79, the percentages of indirect expenditures varied substantially among the nine sample school districts for the EDY and Title I programs, from 0 percent to 5.2 percent for the Title I programs and 0 to 3.5 percent for the EDY programs.

* The Title I allowable indirect cost rate is derived as follows:

$$\text{indirect cost rate} = \frac{\text{district indirect costs}}{\text{non-federal direct costs}}$$

Some of the districts in the sample supported the program's indirect costs through district general funding sources. In particular, for 1978-79 three of the sample districts elected not to recover any indirect costs for Title I programs, and two districts elected not to recover any indirect costs for EDY programs. According to district officials, districts adopted this practice to maximize the funds available for direct program costs. One other district was unable to recover 1978-79 Title I indirect costs and one other did not recover EDY indirect costs because program expenditures exceeded their allocations. In each of these cases, indirect costs were absorbed through the district's general fund.

Centralized Services

To maximize direct instructional service expenditures, the Legislature limited allowable expenditures for centralized services to 10 percent of the total EIA and Title I allocations in 1979-80. This requirement was not in effect during 1978-79. Over the two-year period, EDY-SCE average centralized services expenditures were reduced from 20.8 percent to 6.2 percent; Title I average centralized services expenditures were reduced from 13.4 to 6.2 percent. This substantial decrease in centralized services expenditures over the two years in the sample school districts is illustrated in the following tables.

TABLE 14

COMPARISON OF 1978-79
EDY WITH 1979-80 EIA/SCE
CENTRALIZED SERVICE RATES

<u>Centralized Service Rates</u>			
<u>District</u>	<u>EDY 1978-79 Percentage Rate</u>	<u>EIA/SCE 1979-80 Percentage Rate</u>	<u>Percentage Increase (Decrease)</u>
A	24.8%	6.9%	-17.9%
B	*	2.6%	*
C	16.3%	9.9%	- 6.4%
D	7.8%	8.4%	+ .6%
E	20.2%	4.9%	-15.3%
F	*	7.3%	*
G	*	6.1%	*
H	10.1%	9.0%	- 1.1%
I	21.9%	6.6%	-15.3%
Weighted Averages	20.8%	6.2%	-14.6%

* This omission indicates that the district did not receive EDY funds for 1978-79; therefore, the rate of decrease does not apply to those districts.

TABLE 15

COMPARISON OF 1978-79
TITLE I CENTRALIZED SERVICE RATES
TO 1979-80 RATES

<u>District</u>	<u>1978-79 Percentage Rate</u>	<u>1979-80 Percentage Rate</u>	<u>Percentage Increase (Decrease)</u>
A	15.3%	9.4%	- 5.9%
B	6.4%	6.1%	- .3%
C	10.7%	9.1%	- 1.6%
D	6.6%	6.5%	- .1%
E	15.3%	3.0%	-12.3%
F	9.8%	10.0%	+ .2%
G	9.7%	10.0%	+ .3%
H	10.7%	9.1%	- 1.6%
I	15.0%	6.1%	- 8.9%
Weighted Averages	13.4%	6.2%	- 7.2%

The reduction in centralized service rates in 1979-80 resulted partially from some districts including school level expenditures in their 1978-79 centralized services figures but charging these expenditures to the schools in their 1979-80 budgets. This shift makes it unclear whether the reported decline represents a planned reduction in actual expenditures for certain centralized services in 1979-80 or a shift in accounting for these items to school budgets where they can be reported as direct charges. Overall, centralized services were reported as 6.2 percent of the \$16,102,916 of Title I and EIA/SCE funds allocated in 1979-80. (Appendix B details the items budgeted for centralized services in the sample districts.)

Summary

The greatest portion of Title I and EIA/SCE compensatory education program funds are expended for direct cost items. Within the sample school districts, direct costs accounted for 97.1 percent of these expenditures during 1978-79 whereas indirect costs represented 2.9 percent. Districts which did not fully recover indirect costs through compensatory education funds paid for these costs through district general funds.

To maximize program costs, the Legislature has limited centralized services to not more than 10 percent of districts' total EIA and Title I allocations. Consequently, 1979-80 central services budgets are considerably lower than previous year expenditures. This reduction may have resulted from transferring previously charged centralized services costs to direct school program charges.

DISTRICT AND SCHOOL RESOURCE ALLOCATION DECISIONS

Within this section, we examine who makes the decisions about allocating Title I and of EIA/SCE funds in districts and schools. Although administrators, teachers, and parent advisory councils participate in planning, implementing, and evaluating compensatory education programs, we found that most decisions involved in allocating district and school resources are made by district and school administrators, teachers, and instructional aides directly involved in implementing the compensatory education programs. Parents of Title I and EIA/SCE students are also involved in the decision-making process, but play an advisory role.

A school's allocation of Title I and EIA/SCE resources largely depends on the outcome of a number of decisions made as the district plans its compensatory education program. Once a school district receives its Title I and EIA/SCE allocation, it must select schools eligible for the programs, target funds to specific schools from among those determined eligible, and identify which students within the those schools will receive services. As shown in Table 16 on the following page, each of these activities involves varying degrees of participation by school staff, district staff, and parents of students.

TABLE 16

DECISION-MAKING ROLES OF INDIVIDUALS
IN 18 SAMPLE SCHOOLS
1979-80

PROGRAM AREAS

Category of Individuals	Identifying Eligible Schools	Conducting Pupil Needs Assessments	Ranking Individual Pupil Needs	Identifying Pupils Needing Assistance	Targeting Funds for Participating Schools	Planning and Designing Programs	Evaluating Programs
Compensatory Education Teachers	0%	89%	83%	67%	0%	83%	83%
Other Compensatory Education Staff and Specialists	0%	44%	17%	22%	0%	61%	39%
Non-compensatory Education Teachers	0%	89%	89%	94%	0%	94%	72%
Principals and Assistant Principals	11%	61%	17%	61%	11%	78%	50%
Other District Staff	100%	0%	0%	39%	100%	61%	33%
Other School Staff	0%	22%	11%	17%	0%	28%	22%
Parents	11%	22%	6%	11%	0%	89%	67%
District School Board	28%	11%	11%	11%	11%	17%	22%

This table illustrates that both in the Title I and in EIA/SCE programs, school and district officials make most of the decisions involving the allocation of program resources. District officials identify eligible schools and target funds to them. School officials and parents of participating students have limited roles in making these decisions. As Table 16 shows, parents were involved in only 11 percent of the sample schools in deciding which eligible schools would receive program funds.

Teachers, classroom aides, and other compensatory education staff identify students needing assistance and assess and rank individual student's needs. Typically, regular classroom teachers and/or compensatory education teachers diagnose pupils' learning deficiencies and match these deficiencies to instructional activities. The diagnosis is largely accomplished by formal testing of pupils in certain skill areas.

Parents do have advisory roles in developing Title I and EIA/SCE program plans within the schools. Each school that participates in Title I or EIA/SCE is required to develop a plan describing how it intends to provide supplementary instructional services to its eligible students. Parents, as members of school plan development teams, along with classroom teachers, compensatory education teachers, classroom aides, and school principals, have the opportunity to recommend changes in Title I or EIA/SCE program delivery. Eighty-nine percent of the sample schools involved parents in this advisory capacity.

Parents, along with school and district personnel, are also members of formal District and School Advisory Committees for Title I or EIA/SCE programs. These committees are established for the purpose of advising and assisting the schools, the school board, and the district in planning, implementing, and evaluating the Title I and EIA/SCE programs. Every district that operates a Title I or EIA/SCE program is required to establish a District Advisory Committee. Similarly, every school that operates one or both of these programs is required to establish a School Advisory Committee. A major responsibility of the District and School Advisory Committees is to review and approve each participating school's plan for delivering Title I and EIA/SCE programs to eligible students. At eight of the nine sample districts, the District and School Advisory Committees were fulfilling this responsibility.

Summary

At the 18 sample schools, we found that most of the resource allocation and instructional decisions are made by district and school administrators, teachers, and instructional aides who are directly involved in implementing the Title I and EIA/SCE programs. Parents' roles principally pertained to advising in the development of the compensatory education program plans.

SPECIAL SERVICES PROVIDED
TO MEET STUDENTS' NEEDS

This section details various services provided to students participating in the Title I and EIA/SCE programs. One activity provided by most of the schools visited is supplementary reading instruction. This service is delivered in the regular classroom and through special pull-out programs which are held outside the regular classroom. Title I and EIA/SCE pupils also may receive instruction in writing, language, or mathematics. In addition to receiving this supplementary instruction through a compensatory education program, many students also participate in other supplementary education programs.

Compensatory education programs are required to provide students with instruction necessary to improve basic skills in reading, writing, language, and mathematics. Title I and EIA/SCE services provided in all 18 sample schools focused on improving the academic performance of students in these basic skill areas.

Reading Instruction

The improvement of students' reading skills was a common objective in the compensatory education programs of 17 of the 18 sample schools. To accomplish this objective, these schools delivered supplementary instruction in reading to their Title I and EIA/SCE students. These students received additional instruction in reading either in the regular classroom, in a special pull-out program, or through a combination of the two. In the regular classroom, students typically received supplementary instruction through an instructional aide who tutored students in small groups. In one school, for example, we observed a class in which the instructional aide assisted five Title I students in reading. This method enabled these students to receive more intensive reading instruction than could be provided if the entire class were involved.

Title I or EIA/SCE instructional aides also tutored individual students in reading. For example, at one school we observed a 7th grade reading class consisting of 20 students, 16 of whom were part of the school's Title I program. During our visit, the students worked on an exercise requiring them to define new words by consulting the dictionary. While all students worked on this exercise with direction from the regular teacher, they were also individually assisted by the instructional aide who circulated throughout the classroom.

Selected students at 16 of the 18 sample schools received supplementary reading instruction through a special pull-out program. Students participating in this program were regularly provided with intensive instruction within small groups outside of the regular classroom. One of the sample schools provides compensatory education pupils a daily program of highly individualized reading instruction for 45 minutes each day. Once selected for this program, participants were given a diagnostic reading test that specifically identified skill areas in which they were deficient. Individual instructional programs were then designed to improve reading skills in areas of weaknesses.

All of the 18 sample schools also provided supplemental instruction to its Title I and EIA/SCE students in writing, language, or mathematics. As with students participating in reading instruction, students receiving supplementary instruction in these academic areas were assisted by instructional aides in the regular classroom or through a special pull-out program.

Several of the sample schools provided supplemental instruction in mathematics to compensatory education students. One of these schools, for example, assembles small groups of participating students into a math lab for specific instruction. During our visit to this school, we observed one bilingual instructional aide in the math lab helping a limited-English-speaking student complete a series of problems in which the student was required to convert fractions to decimal numbers. Another instructional aide was overseeing the activities of six compensatory education students as each of them completed various math exercises. Two other students were working on two-digit multiplication and long division problems presented to them by a pre-programmed teaching machine.

Summer School and Supportive Services

Title I and EIA/SCE funds can be expended for supportive services such as counseling, health services, or transportation if these services are not otherwise available. However, the schools we visited were using compensatory education funds for instructional services rather than for such supportive services. Only one of the nine sample school districts was providing summer compensatory education programs with Title I or EIA/SCE funds.

Participation in Multiple Categorical Aid Programs

In addition to receiving supplementary instruction through the Title I and EIA/SCE programs, many students also participate in other specially funded supplemental aid programs. All 18 sample schools offered other local, state, or federally-sponsored education programs. Several examples of these include the School Improvement program, the Miller-Unruh Reading program, and special education for handicapped pupils. The School Improvement Program provides funds for restructuring education in grades K through 12. Miller-Unruh enables schools to employ reading specialists to assist students in reading achievement. Special education provides services to students who exhibit various handicapping conditions.

At 13 of the 18 sample schools, some Title I students participated in other compensatory education programs, as did some EIA/SCE students. For example, at 11 of the sample schools, 191 students participating in the Title I or EIA/SCE programs were also participating in special education. In one school, low-achieving students had access to a total of four different supplemental education programs, including Title I, EIA/SCE, the School Improvement program, and special education. District officials advised us that they attempt to assure that these programs are delivered so that they complement one another, thus coordinating each student's instructional program.

Summary

Title I and EIA/SCE services delivered in the 18 sample schools focused upon the basic skill areas of reading, writing, language, and mathematics. These services were provided through instructional aides in the regular classroom, special pull-out programs, or a combination of both. Students often participated in other local, state, or federally funded supplemental education programs as well as in Title I or EIA/SCE programs, but district officials indicated that they attempt to assure that these programs complement one another.

REVIEW OF OTHER STUDIES
ON THE EFFECTIVENESS OF
COMPENSATORY EDUCATION PROGRAMS

Several patterns have emerged in our review of other studies on student achievement in compensatory education programs. Recent national studies indicate that elementary school pupils in compensatory education programs improve academically over the short term; however, these pupils have frequently not sustained the achievements they made in the early grades. Some studies have linked this problem to the low concentration of Title I resources and programs at the secondary level. Also, studies have found that gains pupils have made during the school year often diminish over the summer months. Such factors as concentration in basic skills and strong instructional and administrative leadership have been associated with increases in student achievement. Finally, studies of the cost-effectiveness of compensatory education programs have found no clear relationship between the level of resources and the effectiveness of these programs.

Evaluations of ESEA, Title I programs have been conducted since the inception of the federal program which was established in 1965. Data on the performance of pupils have been collected from the State Compensatory Education program since it began (as the Educationally Disadvantaged Youth

program) in fiscal year 1973-74. In addition, a large number of studies of other compensatory education programs have been undertaken nationwide. Studies from other states as well as from California's Miller-Unruh Basic Reading program (serving principally primary grade students) and the demonstration programs in reading and mathematics (serving low-achieving junior high school students) have assessed the impacts of compensatory education programs.

Positive Short-Term Effects of Compensatory Education Programs

Evidence of short-term effects of compensatory education programs has been reported in numerous evaluations of compensatory education programs, both throughout the nation and in California. Students participating in these programs have consistently demonstrated greater academic achievement from the fall to the spring than would be expected in the absence of these remedial services. In California, this pattern has been reported for Title I, SCE, and the Miller-Unruh program.^{1,2} It has also been reported for the demonstration programs in reading and mathematics.³

National reviews have shown that compensatory education programs at the preschool, elementary, and secondary levels have all tended to show immediate pupil gains.⁴⁻⁶ Available data indicate that some programs at the secondary level have shown gains as large or larger than those found in the elementary grades.⁷ This pattern is consistent with the finding of high effectiveness among the State's junior high school demonstration programs in reading and mathematics. In general, average levels of achievement for students participating in compensatory education programs have exceeded normal rates of anticipated progress during the school year.

Long-Term Effects of Compensatory Education Programs

Although some studies of compensatory preschool programs have shown that pupils maintain increased levels of achievement over the long-term, the limited studies available of elementary compensatory education programs have indicated that pupils frequently have not sustained the increases which have occurred during participation in these programs. Some studies have linked this loss of achievement to the low concentration of Title I resources and programs at the higher grades.

Studies involving several preschool intervention programs for children from low-income families have been conducted in various parts of the country. These studies have demonstrated that (a) special education placements in later grades have been reduced and (b) students' retention in the later grades has decreased as a result of participation in these programs.^{8,9} Some data show that, due to the decreased costs of later special education, preschool compensatory education programs are cost-beneficial.¹⁰ Earlier comprehensive reviews of compensatory preschool programs also demonstrate immediate positive effects.¹¹ However, results in some of these early reviews were inconclusive in regard to long-term effects of these compensatory preschool programs.^{12,13}

Few studies have been undertaken examining long-term gains associated with participation in elementary school compensatory education programs. The need for information pertaining to long-term effects of elementary compensatory education programs has been pointed to in a review by the U.S. General Accounting Office.¹⁴ A major federal study is currently underway to assess long-term effects of compensatory education, but the final results will not be available until after 1980.

The few national studies that have investigated long-term effects of elementary compensatory programs indicate that increases in achievement resulting from participation in early grade compensatory education programs frequently have not been sustained during the later grades.^{15,16} A number of federal studies have suggested that the lack of sustained effects of successful elementary grade compensatory education programs may be related to the low concentration of Title I resources and programs at the secondary level.¹⁷ A recent federal study concluded:

The results of this review force us to reassess the validity of the original [compensatory education] model, and the policies which have been built on it. No matter how 'successful' early compensatory education programs are, they do not obviate the need for later help. Therefore, it does not seem wise to pursue a policy which is based on a belief that expects a quick or easy 'cure' in the early grades. Instead, we will have to continue to meet the special educational needs of disadvantaged students throughout their school years. We must concentrate on providing the best and most appropriate help we can, for as long as it is needed. And that, it seems, can and should be done in the secondary as well as the elementary grades.¹⁸

Summer Drop-off in Achievement Among Pupils

A consistent finding regarding compensatory education programs is that a summer "drop-off" in achievement often occurs among participant pupils (in the absence of summer programs).¹⁹ A number of studies have shown that disadvantaged students achieve at a slower rate during the summer than during

the school year.^{20,21} It has also been shown that these students do not progress at as fast a rate as economically advantaged youngsters during the summer months.²² Evaluations of compensatory programs have typically found that high rates of achievement gains demonstrated by participant students during the school year are reduced by losses over the summer months.²³ Data showing this pattern have been found in California as well as throughout the nation.²⁴

Factors Related to Success of Compensatory Education Programs

A number of factors have been demonstrated to be associated with increased student achievement in compensatory education programs at both the elementary and secondary grades:

- A clear focus on basic skills²⁵
- Increased instructional time devoted to these skills²⁶
- Small group instruction²⁷
- Teacher training directly associated with project methods.²⁸

Organizational factors also have been shown to be related to positive student achievement. Principal among these have been strong instructional and administrative leadership (usually provided by the principal) and local staff involvement in program planning and design.²⁹

Other Effectiveness Indicators

For the most part, evaluations of compensatory education programs have been based upon measures of student achievement in reading and mathematics. However, some recent studies have included measures of students' attitudes towards learning, and have indicated positive effects in this area.^{30,31} Some recent studies have also included measures of student attendance in assessing program effectiveness. Two such studies have shown that factors associated with increased achievement among low-performing students were also associated with increased attendance among these students. One study was at the elementary level.³² Another was at the secondary level.³³ Each included data from numerous schools.

Cost-Effectiveness in the Provision of Compensatory Education Services

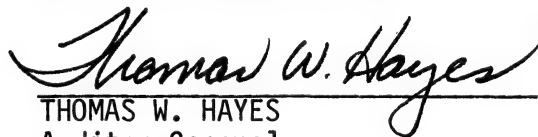
An issue which has been examined in numerous studies is the relationship between cost and effectiveness of compensatory education programs. In California, a major examination of this topic was completed in 1977 in an independent review of the Department of Education's "critical mass" policy which had required that school districts target compensatory education resources at a level of at least \$350 per child but not more than \$550 per child. The critical mass

study, like several other comprehensive national studies, did not find a clear relationship between the level of compensatory education resources and program effectiveness. The principal differences the study showed between more and less effective compensatory education programs was the basic skills emphasis of the effective programs.³⁴

Summary

Compensatory education programs focused on improving basic skills and increasing students' instructional time devoted to these skills have demonstrated positive short-term effects. Although successful elementary programs frequently have not demonstrated sustained long-term effects, the factors responsible for this pattern appear to include decreased student achievement over the summer months and in the secondary grades in the absence of remedial programs during these periods.

Respectfully submitted,


THOMAS W. HAYES
Auditor General

Date: March 6, 1980

Staff: Joan S. Bissell, Audit Manager
Thomas A. Britting
Cora L. Bryant
Steven M. Hendrickson
Karen A. Nelson

FOOTNOTES

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- 6 Pelavin, S.H. and Larson, M.A., "Compensatory Education: Who Else Should It Serve?", Paper Presented at the Annual Meeting of the American Educational Research Association, New York City, New York, 1977.
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- 17 Larson, M.A. et al., op. cit.
- 18 Pelavin, S.H. and Larson, M.A., op. cit., p. 6.
- 19 Improving Compensatory Education Through Changes in ESEA, Title I, op. cit.
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- 23 Patterns in ESEA, Title I Reading Achievement, op. cit.
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- 25 A Study of Compensatory Reading Programs, Washington, D.C.: U.S. Office of Education, 1976.

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- 28 Armor, D. et al., Analysis of the School Preferred Reading Program in Selected Los Angeles Minority Schools, Santa Monica, CA.: Rand Corporation, 1976.
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STATE OF CALIFORNIA
DEPARTMENT OF EDUCATION
STATE EDUCATION BUILDING, 721 CAPITOL MALL, SACRAMENTO 95814

March 5, 1980

Mr. Thomas W. Hayes
Auditor General
California Legislature
925 L Street, Suite 750
Sacramento, California 95814

Dear Mr. Hayes:

The State Department of Education has reviewed the draft report "Funding and Effectiveness of Compensatory Education Programs", dated February 29, 1980.

First, may I say that Department staff sincerely appreciate the opportunity to respond and the professional manner in which your staff conducted their research in the preparation of the report. Our mutual tasks in administration and oversight of these programs are enhanced by the cooperative atmosphere which surrounded the process of review.

Although we obviously cannot confirm specific findings regarding individually sampled districts, who should remain unnamed to protect the confidentiality of the survey, the general patterns of service delivery and funding are familiar and seem fairly typical.

The finding that "maintenance of program related gains is sometimes frustrated over the long term" is of great concern to all who support compensatory education. The often cited "summer drop off" effect and the inability of many districts to maintain programs in secondary grades, due to insufficient funding, have undoubtedly contributed to this problem. We would also point out that long term gains are frequently frustrated by phenomena external to compensatory programs, such as attendance patterns in the upper grades which may be particularly problematic among the target populations.

On a positive note, we are encouraged that the Legislature, and federal authorities who are concerned with Title I programs, have directed specific attention to these matters in recent years with an eye towards increasing secondary grade participation and encouraging summer programs.

Mr. Thomas W. Hayes

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March 5, 1980

As always, the Department will continue to seek innovative and constructive means to overcome the problems while supporting those programs which have proven their efficacy.

Sincerely,

A handwritten signature in cursive script, appearing to read "W. Whiteneck".

William D. Whiteneck
Deputy Superintendent for Administration
(916) 445-8950

WDW:ds

DIRECT COST EXPENDITURES FOR SAMPLE DISTRICTS:
1978-79 EXPENDITURES BY ITEM FOR TITLE I AND EDY

	<u>Title I Total For All Districts</u>	<u>Title I Percentage For All Districts</u>	<u>EDY Total For All Districts</u>	<u>EDY Percentage Total For All Districts</u>	<u>Total For All Districts</u>	<u>Percentage For All Districts</u>
Teachers' Salaries	\$2,228,737	30.10%	\$ 955,409	25.00%	\$ 3,184,146	28.30%
Supervisors' Salaries	66,103	.89	129,895	3.40	195,998	1.70
Librarians' Salaries	39,298	.53	27,309	.71	66,607	.59
Guidance, Welfare, and Attendance Salaries	368,389	5.00	85,174	2.20	453,563	4.00
Physical and Mental Health Salaries	61,557	.83	37,937	1.00	99,494	.89
Other Certificated Salaries	243,328	3.30	131,712	3.40	375,040	3.30
Instructional Aides for Direct Teaching Assistance	1,704,782	23.00	935,220	24.50	2,640,002	23.50
Clerical and Other Office Salaries	292,269	3.90	183,949	4.80	476,218	4.20
Maintenance and Operation Salaries	5,038	.06	0	0	5,038	.05
Other Classified Salaries	174,257	2.30	138,552	3.60	312,809	2.80
Employee Benefits	1,112,300	15.00	569,445	14.90	1,681,745	15.00
Textbooks	18,797	.25	2,651	.06	21,448	.19
Other Books	50,197	.66	44,066	1.20	94,263	.34
Instructional Materials and Supplies	325,172	4.40	161,393	4.20	486,565	4.40
Instructional Media Materials and Supplies	77,958	1.10	34,669	.91	112,627	1.00
Other Supplies	49,632	.66	23,647	.62	73,279	.65
Pupil Transportation Supplies	220	0	1,376	.03	1,596	.01
Food	1,488	.02	0	0	1,488	.01
Other Food Services Supplies	1,437	.01	0	0	1,437	.01
Equipment Replacement	2,274	.02	0	0	2,274	.02
Contracts for Personal Services	357,566	4.80	221,508	5.80	579,074	5.20
Dues and Memberships	0	0	78	0	78	0
Travel and Conference Expense	70,094	.94	34,487	.90	104,581	.93
Utilities and Housekeeping Services	4,623	.06	6,760	.17	11,383	.10
Contracts, Rents, and Leases	107,538	1.50	73,375	1.90	180,913	1.61
Legal, Election, and Audit Expenses	550	.01	266	.01	816	.01
Other Expenses	19,658	.26	1,340	.03	20,998	.19
Audiovisual Equipment	12,389	.16	6,691	.17	19,080	.17
All Other Equipment	<u>18,273</u>	<u>.24</u>	<u>18,465</u>	<u>.48</u>	<u>36,738</u>	<u>.33</u>
Total Expenditures	<u>\$7,413,924</u>	<u>100.00%</u>	<u>\$3,825,374</u>	<u>100.00%</u>	<u>\$11,239,298</u>	<u>100.00%</u>

CENTRALIZED SERVICES FOR SAMPLE DISTRICTS:
1979-80 BUDGETED EXPENDITURES BY
ITEM FOR TITLE I AND EIA/SCE

	Title I Total For All Districts	Title I Percent For All Districts	EIA/SCE Total For All Districts	EIA/SCE Percent Total For All Districts	Total For All Districts	Percent For All Districts
Teachers' Salaries	46,025	7.40	23,991	6.30	70,016	7.00
Supervisors' Salaries	112,560	18.20	68,350	17.90	180,910	18.10
Guidance, Welfare, and Attendance Salaries	28,136	4.50	24,135	6.30	52,271	5.20
Other Certificated Salaries	34,517	5.60	22,446	5.90	56,963	5.70
Instructional Aides for Direct Teaching Assistance	6,103	.98	2,000	.52	8,103	.80
Clerical and Other Office Salaries	130,160	21.00	91,953	24.10	222,113	22.20
Maintenance and Operation Salaries	11,184	1.80	0	0	11,184	1.10
Transportation Salaries	0	0	35	.01	35	0
Other Classified Salaries	33,268	5.40	17,038	4.40	50,306	5.00
Employee Benefits	82,062	13.20	50,679	13.30	132,741	13.30
Textbooks	9,500	1.50	9,500	2.50	19,000	1.90
Other Books	65	.01	0	0	65	.01
Instructional Materials and Supplies	21,699	3.50	7,029	1.80	28,728	2.90
Instructional Media Materials and Supplies	65	.01	1,421	.37	1,486	.14
Other Supplies	12,364	2.00	7,572	2.00	19,936	2.00
Pupil Transportation Supplies	0	0	65	.02	65	.01
Contracts for Personal Services	8,991	1.50	5,801	1.50	14,792	1.50
Travel and Conference Expense	20,447	3.30	14,311	3.7	34,758	3.50
Dues and Memberships	50	.01	130	.04	180	.01
Utilities and Housekeeping Services	1,399	.22	1,132	.30	2,531	.24
Contracts, Rents, Leases	40,363	6.60	27,597	7.20	67,960	6.80
Legal, Election, and Audit Expenses	1,000	.15	0	0	1,000	.09
All Other Equipment	5,750	.92	2,450	.64	8,200	.80
Appropriation for Contingencies	13,642	2.20	4,429	1.20	18,071	1.70
Total Budget	\$619,350	100.00	\$382,064	100.00	\$1,001,414	100.00

cc: Members of the Legislature
Office of the Governor
Office of the Lieutenant Governor
Secretary of State
State Controller
State Treasurer
Legislative Analyst
Director of Finance
Assembly Office of Research
Senate Office of Research
Assembly Majority/Minority Consultants
Senate Majority/Minority Consultants
California State Department Heads
Capitol Press Corps